

December 15, 2010

ITEM NO. C3

**RECOMMENDATION TO AMEND RESOLUTION NO. 2010-CHA-135 TO INCREASE
NOT-TO EXCEED FUNDING AMOUNT OF DAVIS VISION CONTRACT**

To the Honorable Board of Commissioners

RECOMMENDATIONS

It is recommended that the Board of Commissioners (“Board”) amend Resolution No. 2010-CHA-135 to authorize the Chief Executive Officer or his designee to increase the funding of the contract with Davis Vision by an amount not-to-exceed \$2,878.03 for a revised total contract amount not to exceed \$42,888.96 for FY2011 and, subject to funding availability, an amount not-to-exceed \$42,888.96 for the FY2012 option term. The revised aggregate not-to-exceed amount for the CHA’s Employee Health Benefit Plan will be increased by \$2,878.03 to \$5,885,512.11 for FY2011 and, subject to funding availability, an aggregate amount not-to-exceed \$6,180,561.11 for the FY2012 option term.

Funding

General Funding

CONTRACT INFORMATION

Davis Vision
159 Express St.
Plainview, NY 11803

Contract Type: Insurance Coverage Services
Contract Term: 01/01/11 – 12/31/11 with 1
additional one-year option period
Original Authorized NTE Amount: \$40,010.93
Revised Contract Amount NTE: \$42,888.96
Revised Option Year 1 NTE: \$42,888.96

M/W/DBE Participation:
Waiver: Yes
Section 3: N/A

GENERAL BACKGROUND

On October 19, 2010, the Board passed Resolution No. 2010-CHA-135 approving contracts with Humana Healthcare (medical and dental), Davis Vision, Lincoln National Life and Ameriflex for the CHA Employee Health Benefit Plan for an aggregate amount not-to-exceed \$5,882,634.08 for FY 2010 and \$6,177,683.08 for FY2012. The specific amount authorized for Davis Vision was \$40,010.93 for both FY2011 and FY2012.

Through an inadvertent error, the Board Letter with respect to Davis Vision, indicated incorrectly that the new premium rates provided by Davis Vision reflected a 2% decrease in the premium rates (from the current premium rates) and included an enhanced benefit for contact

lens users. Although the premium rates would have decreased 2% (from the current rates) without any changes in benefits, with the enhanced benefit, the premium rates actually increased by 5.05% over the current premium rates. The enhanced benefit to the FY2011 vision plan includes: *Standard contact lens fitting will be covered at 100% and specialty lens fittings will be covered up to \$60, then 15% discount off balance.* Currently, employees who undergo standard contact lens fittings are charged \$40.00, unlike employees who are not charged for standard eyeglass fittings. The following chart reflects the monthly premium rates provided by Davis Vision.

Rates for 2009 and 2010	Proposed Rates for 2011 & 2012 No Change in Benefit	Proposed Rates for 2011 and 2012 with Enhanced Benefit
Employee: \$ 4.32	\$ 4.23 (-2%)	\$ 4.54 (+5.05%)
Employee + 1: \$ 7.77	\$ 7.61 (-2%)	\$ 8.16 (+5.05%)
Family: \$12.10	\$ 11.86 (-2%)	\$12.71 (+5.05%)

Based upon the above considerations and the recommendation of the CHA's management to provide the enhanced benefit for the vision plan, it is in the best interest of the CHA to increase the funding of the contract with Davis Vision by an amount not-to-exceed \$2,878.03 for a revised contract amount not-to-exceed \$42,888.96 for FY 2011 and, subject to funding availability, a revised amount not-to-exceed \$42,888.96 for FY2012. The aggregate amount of all Employee Health Benefit Plan insurance coverage and the employee flexible spending plan will be increased by an amount not-to-exceed \$2,878.03 for a revised amount not-to-exceed \$5,885,512.11 for FY2011 and subject to funding availability, an aggregate amount not-to-exceed \$6,180,561.11 for the FY2012 option term.

RESOLUTION NO. 2010-CHA-172

WHEREAS, The Board of Commissioners of the Chicago Housing Authority has reviewed the Board Memorandum dated December 15, 2010, entitled “RECOMMENDATION TO AMEND RESOLUTION NO. 2010-CHA-135 TO INCREASE NOT-TO EXCEED FUNDING AMOUNT OF DAVIS VISION CONTRACT”;

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners hereby amends Resolution No. 2010-CHA-135 to authorize the Chief Executive Officer, or his designee, to increase the funding of the contract with Davis Vision as part of CHA’s Employee Benefit Plan by an amount not-to-exceed \$2,878.03 for a revised total contract not-to-exceed \$42,888.96 for FY 2011 and, subject to funding availability, and a revised amount not-to-exceed \$42,888.96 for the FY2012 option term. The aggregate amount of all CHA Employee Health Benefit Plan insurance coverage and the flexible spending plan is increased by an amount not-to-exceed \$2,878.03 for a revised amount not-to-exceed \$5,885,512.11 for FY2011 and subject to funding availability, an amount not-to-exceed \$6,180,561.11 for the FY2012 option term.

